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Coordination, programme and other questions: long-term programme of support for Haiti

Report of the Economic and Social Council Ad Hoc Advisory Group on Haiti**

Summary

In response to Economic and Social Council resolution 2005/46, the present report provides highlights on the situation in Haiti and on international support provided to the country since the substantive session of the Council of 2005. It also elaborates on the promising prospects for assistance in the post-electoral context and makes recommendations thereon addressed to the Haitian authorities and their bilateral and multilateral development partners.

* E/2006/100.

** The report is submitted late in order to provide updated information on the situation in Haiti, including on the electoral process.

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I. Introduction

1. Following a request made by the Transition Government of Haiti, the Economic and Social Council, in its resolution 2004/52 of 23 July 2004, decided to reactivate the Ad Hoc Advisory Group on Haiti that was established in 1999 to help coordinate the development of a long-term programme of assistance to the country. In its decision 2004/322 of 11 November 2004, the Council appointed the Permanent Representatives of Benin, Brazil, Canada, Chile, Haiti, Spain and Trinidad and Tobago to the United Nations as members of the Group. The President of the Economic and Social Council and the Special Representative of the Secretary-General in Haiti were also invited to take part in its meetings. At its first meeting, on 23 November 2004, the Group decided that Ambassador Allan Rock, Permanent Representative of Canada to the United Nations, would chair the Group.

2. In its report to the Council at its substantive session for 2005 (E/2005/66), the Ad Hoc Advisory Group presented an analysis of the status of the Millennium Development Goals in Haiti and of current international support to the country. It also singled out priority areas for action and long-term development implications. The Group recognized that the new Government to come out of the electoral process would face enormous challenges, while also being able to build on positive developments, such as the creation of the Interim Cooperation Framework and improved macroeconomic performances. It stressed the need for the incoming Government to determine short-, medium- and long-term priorities and for a proper sequencing of activities in order to demonstrate that concrete action is being taken in favour of the poor. Although recognizing that the chief responsibility for long-term development rests in the hands of the Haitian people, the Group elaborated a series of recommendations addressed to the Economic and Social Council, the United Nations system, including the United Nations country team, the Haitian authorities and the donor community.

3. In its resolution 2005/46, the Council extended the mandate of the Group, "with the purpose of following closely and providing advice on Haiti's long-term development strategy to promote socio-economic recovery and stability, with particular attention to the need to ensure coherence and sustainability in international support for Haiti, based on the long-term national development priorities, building upon the Interim Cooperation Framework and stressing the need to avoid overlap and duplication with respect to existing mechanisms". In the same resolution, the Council requested the Ad Hoc Advisory Group to submit a report on its work, with recommendations, as appropriate, before the start of its substantive session of 2006.

II. Current situation in Haiti

4. At the political level, the two years of transition are drawing to a close and will make way for a President and democratically elected institutions. Sixty-three per cent of the 3.5 million registered voters participated in the first round of the legislative and presidential elections on 7 February 2006, at which Mr. René García Préval was elected President of the Republic, having obtained 51.15 per cent of the vote. The fact that the elections were postponed four times illustrated the slow pace of the preparatory process and the operational arrangements. Delays also occurred during the counting of the votes. Nevertheless, the Group wishes to emphasize the

maturity of the Haitian people and the determination of the Transitional Government and of the officials responsible for organizing the elections, who were largely responsible for the successful outcome of the first round. International assistance, in the form of logistical support and election monitoring, was also useful and effective.

5. The second round of the legislative elections, held on 21 April, was conducted peacefully, barring a few isolated incidents. Participation, estimated at a little over 30 per cent, exceeded the figures recorded at previous elections. The international observers noted the technical and logistical improvements in the organizational arrangements for the election and its smooth conduct. The postponement of the election dates will delay the investiture of President Préval, who must be sworn in before the new Parliament. The local and municipal elections, scheduled for 18 June 2006, will conclude the electoral process.

6. Haiti has witnessed a new wave of violence. In certain densely populated areas of the capital, killings and kidnappings have escalated. The Government and the National Police, supported by the United Nations Stabilization Mission in Haiti (MINUSTAH), have taken steps to counter these incidents which, despite a significant reduction since the beginning of 2006, still occur on occasion. The fight against armed gangs, illegal trafficking and violent crime must remain a priority of the Haitian authorities and international assistance in future. Furthermore, such disarmament, demobilization and reintegration activities as have taken place remain limited in scope.

7. On the socio-economic side, the situation is similar to what the Group described in its report to the Council in 2005. Three quarters of the population live in poverty, with over 50 per cent in extreme poverty, and 80 per cent of the active population does not have regular and remunerative employment. In the 2005 Human Development Index, Haiti ranks 153 out of 177 countries. No new data are available on the status of the Millennium Development Goals in Haiti, and the figures provided last year remain largely valid (see E/2005/66, paras. 16-21). Some basic needs of the population have been satisfied through international assistance. However, because of the lack of appropriate tools, it is difficult to assess the socio-economic impact of this assistance and to measure its concrete results on the living conditions of the population. With widespread misery and an acute environmental crisis, the country continues to be socially and ecologically at risk. Vulnerability is high, as testified by the hurricane and tropical storms that hit the country in 2005, resulting in 30 casualties.

8. Haitian economic stagnation is linked to political instability. The latter has a negative impact on the efficiency of Haitian institutions and on the macroeconomic framework, characterized by persistent inflation and fiscal deficits. According to the International Monetary Fund,[1] economic recovery for the period 2004/05 was below expectations, with real gross domestic product (GDP) growth at 1.5 per cent and consumer price inflation at about 15 per cent. The macroeconomic forecast by the IMF for 2005/06 is based on GDP growth of 2.5 per cent and an inflation rate of between 13 and 14 per cent, an improvement for a country that has not experienced sustained growth over the past 25 years and where the inflation rate was over 30 per cent in 2003. Domestic tax revenues are expected to reach 17.2 billion gourdes (9.3 per cent of GDP), provided that tax and custom law is properly enforced. Since

[1] International Monetary Fund, IMF Country Report No. 05/404, November 2005.

August 2005, the exchange rate has been broadly stable at between 42 and 43 gourdes for 1 United States dollar.

9. In the energy sector, the price of oil imports — oil imports are about 7 per cent of GDP — has contributed to inflationary pressure. From December 2004 to December 2005, the price of one gallon of diesel increased by 31.2 per cent, from 83 gourdes to 109 gourdes, owing to the increase in the price of petroleum products on the international market. Additional pressures come from government transfers to the state-owned electric utility, Electricité d'État d'Haïti, which represented 1 per cent of GDP or 7 per cent of Government expenditures in 2004/05 and are expected to rise further. A mechanism to monitor the Government's transfers to Electricité d'État d'Haïti has been established, with the intent to ensure that transfers are reported and, eventually, audited by an independent firm.

III. International support to Haiti

10. From September to December 2005, the Core Group met in New York to discuss, inter alia, the preparation and holding of elections in Haiti. Following the request made by the Economic and Social Council in its resolution 2004/52 to avoid overlap and duplication with respect to existing mechanisms, the Ad Hoc Advisory Group did not meet during that period. However, in the first quarter of 2006, the Group interacted with Haitian development actors and their international counterparts.

11. In January 2006, the Group held a meeting with Robert Jean, Director General, Ministry of Planning and External Cooperation of Haiti; Caroline Anstey, Country Director for the Caribbean, the World Bank; and Enrique Ganuza, Senior Economist, Regional Bureau for Latin America and the Caribbean of the United Nations Development Programme (UNDP). In March 2006, the Group met with Roland Pierre, Minister of Planning and External Cooperation of Haiti, and with members of the strategic think tank set up by the Prime Minister of Haiti and linked to the Ministry of Planning and External Cooperation to determine strategic orientations for the long-term development of the country.[2] At these meetings, key challenges of current international support to Haiti were discussed, as well as prospects for future assistance.

A. Current support

12. The United Nations Stabilization Mission in Haiti (MINUSTAH) has played an essential role in providing security and stability to the country and in supporting the Haitian National Police in its operations and its reform and restructuring process. In preparing the elections, MINUSTAH provided technical and logistical support, which proved essential for the distribution of electoral material. It also continued to enhance Haitian institutions' governance capacity by facilitating the development and implementation of local projects through the quick-impact projects mechanism.

[2] Members of the strategic think tank that the Group met were Paul-Emile Simon, Architect and Urban Planner, First Under-Secretary-General of the Conseil des sages; Gabriel Verret, Expert in Public Finances, Adviser for macroeconomic issues to the Minister of Economy and Finance; and Wilfrid Trenard, Permanent Secretary of the strategic think tank.

MINUSTAH contributed to setting up the institutional framework for disarmament, demobilization and reintegration, which has started to give results, and helped establish community violence reduction and development committees.

13. During the period under review, the fulfilment of commitments of international donors under the Interim Cooperation Framework has improved. As of end December 2005, US$ 750 million had been disbursed, representing 69.1 per cent of the original pledges made at the donors conference held in Washington in July 2004 (see table attached as an annex to the present report). The Framework aims at facilitating the transition and creating the groundwork for longer term development. As it is a comprehensive assessment of the needs of Haiti, with clear objectives and commitments by national and international actors, it has contributed to greater coherence among donors and improved monitoring and measurement of results achieved. Under the Framework, hundreds of projects have been implemented in such areas as access to basic services, governance and infrastructure.

14. The Director General of the Ministry of Planning and Cooperation explained to the Group that "scores" for the accomplishment of the objectives set in the Framework had been developed and attributed. The breakdown of accomplishments was unequal, with higher scores for the promotion of economic recovery. Some of the sectoral coordination tables, the main mechanism for overseeing the process, have quickly identified and monitored the implementation of projects (such as those on education, food security and rural development, and energy), while others have functioned with many difficulties. The obstacles encountered in fulfilling the commitments made mostly relate to t. · lack of institutional capacity. Disbursements have also been hampered by the complex and diverse procedures of donors. This situation calls for international partners to invest in institutional capacity-building to allow ministries to function properly. The United Nations agencies that have been designated focal points within given sectoral tables have played an important role in requiring placement of financial, material and human resources at the disposal of the lead national institution.

15. An international conference on Haiti was held in Brussels on 21 October 2005, with the objectives of strengthening the cooperation framework between Haiti and donors, consolidating what has been achieved during the transition period and considering how to pursue, with the incoming Government, the work carried out under the Interim Cooperation Framework over the medium and long term. The conference gathered representatives of the Transition Government of Haiti, donors, United Nations and other regional stakeholders, civil society and the business sector, including, for the first time, the Haitian private sector. The main outcome of the conference was the extension of the mandate of the Framework until the end of 2007, in order to leave enough time and means to the new Government to pursue reforms while avoiding interruption of the provision of development support. The conference also recommended that the Framework mechanisms be sustained and strengthened. At the strategic level, it was recommended that its joint steering committee become a political organ with a clear decision-making and policy-formulation role in order to improve aid coordination and accelerate disbursements.[3]

16. Another important development is the well-advanced preparation of the interim Poverty Reduction Strategy Paper (PRSP) by the national authorities of

[3] Brussels International Conference on Haiti, 21 October 2005 — joint statement.

Haiti. The document includes a profile of poverty in Haiti, the current framework and a strategy for poverty reduction, as well as a time frame for the elaboration of the final PRSP and the description of the participatory process that will be put in place. The interim PRSP, built on the Interim Cooperation Framework, is one of the conditions to unlock new resources under the Poverty Reduction and Growth Facility, and facilitates access to debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative. Until now, the IMF has supported the authorities with two successive emergency post-conflict assistance programmes covering the period October 2004 to March 2006.

17. In a report dated 11 April 2006, the International Monetary Fund and the World Bank identified Haiti as one of 11 countries that could qualify for debt relief under a new round of the HIPC Initiative. Eligibility for the Initiative requires that debt burden indicators are above certain thresholds of sustainability. Qualification for debt relief (decision point) will require a satisfactory track record of performance and the preparation of a poverty reduction strategy. The matter is to be further discussed by the Boards of the two institutions.

B. Prospects for future support

18. A senior officials' donor meeting held on 21 February 2006, in Washington, D.C., offered an early opportunity to send positive signals of the commitment of the international community to work with the newly elected authorities in support of the Haitian people. At that meeting, donors proposed to discuss with the new authorities the preparation of a joint Haitian Government-donors stocktaking of the Interim Cooperation Framework and to prepare an independent and integrated evaluation of it that would provide input for the elaboration of the national poverty reduction strategy.[4]

19. The new Government will have the task of finalizing and endorsing the interim PRSP and preparing a full PRSP, which should allow for deeper economic reform while helping to soften the effects of structural adjustment plans. Minister Roland Pierre informed the Group that, in order not to lose time and after consultations with the newly elected President and his advisers, it had been decided to start work on the elaboration of the full PRSP with no further delay.

20. Representatives of the World Bank and UNDP stressed to the Group that the PRSP should be a truly participatory development strategy, with the full involvement of the private sector and civil society, and should be Haitian-led. Sufficient time, estimated at between 18 and 24 months, should therefore be left to undertake the necessary consultations. Among United Nations agencies, UNDP and the Economic Commission for Latin America and the Caribbean are providing support for the formulation of the strategy. The World Bank and UNDP interlocutors of the Group also underlined the fact that the new Government would need additional funding, channelled through the Haitian budget, in order to strengthen national capacities. In this context, the Group is encouraged to note that a high-level ministerial meeting will be held on 23 May 2006 in Brasilia and that a donor conference and pledging session is planned in Port-au-Prince in July 2006. The

[4] See World Bank press release No. 2006/278/LCR, 21 February 2006.

Government of Spain has also offered to host another donor conference later in 2006.

21. Development partners are elaborating their post-electoral strategy of support to Haiti. The United Nations country team has formulated a multidimensional institutional support strategy for post-electoral stabilization around four major types of activities: (a) quick-impact projects and access to basic services; (b) institutional capacity-building (strengthening of Parliament, the establishment of the Conseil électoral permanent, the rule of law and legal reform (including justice, human rights and police) and local governance); (c) national dialogue; and (d) support to the elaboration of a national poverty reduction strategy. These efforts focus on a growing synergy among development actors in order to reach a more coherent and unified approach to international support to Haiti.

22. In a letter dated 6 January 2006 addressed to the President of the Economic and Social Council, Roland Pierre, Minister of Planning and External Cooperation of Haiti, announced the establishment of a strategic think tank, aimed at working at the technical level on a long-term development plan for the country, in partnership with the Economic and Social Council Ad Hoc Advisory Group on Haiti and other actors. This initiative echoes the observations made by the Group in its report to the Council (E/2005/66) that no medium- or long-term vision of Haiti's development had ever been elaborated and that fundamental work needed to be done in that respect.

23. At the meeting of the Group in New York, the Minister stressed that the general aim of this think tank, which was established by the Prime Minister and attached to the Ministry of Planning and External Cooperation, is to arrive at a broader, original and innovative vision of the country's long-term development. It will then seek to translate that vision into reality by elaborating a national strategy to combat poverty. The five experts on the think tank, assisted by a permanent secretary, have no hierarchical link to the authorities, which is illustrative of the open and participatory approach that should prevail in the elaboration of development strategies. The think tank, whose first meeting was held last December, has drawn up its terms of reference.[5] These may change, as may the composition of the membership, in accordance with the new Government's vision.

24. For the Haitian authorities, the strategic think tank is a natural interlocutor of the Ad Hoc Advisory Group of the Economic and Social Council, whose task is precisely to make recommendations on the assistance to be provided to ensure the country's long-term development. The unit will transmit observations and information to the Group in its role of facilitating assistance and mainstreaming peace and development.

IV. Conclusions and recommendations

25. **The Group is encouraged by the evolution of the situation and calls on all national stakeholders to continue efforts to successfully conclude the election process. The Group also calls on international stakeholders to provide support in this regard. The Group looks forward to working with the new Government**

[5] Ministry of Planning and External Cooperation, strategic think tank, terms of reference, February 2006, p. 7.

by following closely and providing advice on the long-term development that the country deeply needs to reach stability.

26. In this context, it is imperative that Haiti remain on the international agenda and that appropriate support be given through the Interim Cooperation Framework, which has been extended by the Brussels international conference until the end of 2007, while a national poverty reduction strategy is prepared.

27. When the new Government is in place, sustained support will be needed to enhance its capacity to define the national poverty reduction strategy and elaborate and implement appropriate policies accordingly. The post-electoral stabilization strategy of the United Nations, including quick-impact projects, will be important in that respect. The Haitian authorities and their development partners should also take all necessary measures to ensure a smooth transition and avoid any interruption in development support. The Group reiterates the recommendations addressed to donors contained in its report to the Council in 2005 (E/2005/66), and stresses the need to ensure coherence of donor support by bringing all actors behind a Haitian-led process.

28. The Group welcomes the work carried out to date in preparing the ground for a poverty reduction strategy and encourages the new Government to give priority to continuing the consultation and planning process. It notes the creation of the strategic think tank by the interim Government and its potential contributions. Once the Poverty Reduction Strategy Paper is finalized, donors and other international actors should be mobilized to increase support.

29. The Group welcomes recent recommendations by the Bretton Woods institutions concerning debt relief and access by Haiti to the HIPC Initiative and encourages them to take appropriate further decisions in that direction.

30. The Ad Hoc Advisory Group will provide additional information, as appropriate, to the Council during the consideration of the item at the substantive session of the Council in July 2006. If the Government of Haiti so requests, the Group will recommend that the Council extend its mandate until the substantive session of 2007, in order to accompany the new Government, at this very crucial time, in the promotion of a long-term development strategy aimed at ensuring socio-economic recovery and political stability and to provide recommendations thereon.

Annex

Status of disbursements — Interim Cooperation Framework (ICF)

December 2005 (Strategic Coordination Unit, Office of the Prime Minister)

(US$ million)	Inter-American Development Bank	World Bank	Canada[2]	European Commission	United Nations agencies[3]	United States of America	France	Japan	Total	%	Pledge 2004 (%)
1. Political governance			26.00	11.67	11.50	48.28	1.40	1.06	99.91	13.3	96.8
1.1 Security, police and disarmament, demobilization and reintegration			2.00		2.60	24.40	0.50		29.50	3.9	
1.2 Justice, prisons and human rights			7.00	0.39	2.70	12.13	0.90		23.12	3.1	
1.3 Electoral process and national dialogue			17.00	11.29	6.20	11.75		1.06	47.30	6.3	
2. Economic governance	51.82	47.80	7.00	4.25	5.40	23.29	0.98	0.73	141.27	18.8	91.2
2.1 Economic governance	39.72	46.80			0.60		0.10	0.64	87.86	11.7	
2.2 Institutional capacity-building		1.00	4.00	1.66	2.00	19.54	0.06		28.26	3.8	
2.3 Land-use planning						1.25			1.25	0.2	
2.4 Local development	12.10		3.00	2.59	2.80	1.25	0.81	0.09	22.65	3.0	
2.5 Decentralization						1.25			1.25	0.2	
3. Economic recovery	23.48	2.50	3.00	21.11	2.10	31.40	4.86	0.44	88.90	11.9	37.5
3.1 Macroeconomic stability	0.05								0.05	0.0	
3.2 Electricity			1.00	0.17		21.00	0.45		22.62	3.0	
3.3 Quick job creation and microfinance		1.00	2.00	0.12		3.39	0.22		6.73	0.9	
3.4 Private sector development/ SME/SMI						3.35			3.35	0.4	
3.5 Agriculture	10.20			7.76	0.90	3.66	4.17	0.44	27.13	3.6	
3.6 Roads and transport	13.12			9.50	0.10		0.02		22.74	3.0	
3.7 Protection and rehabilitation of the environment	0.11	1.50		3.57	1.10				6.28	0.8	
4. Access to basic services	15.15	4.59	46.00	64.87	58.20	174.96	12.23	10.70	386.70	51.6	108.3
4.1 Emergency humanitarian assistance			9.00	12.85	17.50	39.03	1.05	0.61	80.04	10.7	
4.2 Water and sanitation	4.88	0.12		40.12		0.50	1.05		46.67	6.2	
4.3 Health and nutrition	2.68	1.20	21.00	0.34	16.60	63.24	3.26	4.15	112.47	15.0	

(US$ million)	Inter-American Development Bank	World Bank	Canada[b]	European Commission	United Nations agencies[c]	United States of America	France	Japan	Total	%	Pledge 2004 (%)
4.4 Education, youth and sports	4.79	0.99	16.00	9.32	18.00	5.35	4.49	0.49	59.43	7.9	
4.5 Culture, media and communication				0.26	0.80		1.14		2.20	0.3	
4.6 Food security				1.99	4.70	63.16	1.20	5.45	76.50	10.2	
4.7 Solid waste management		0.18				3.68			3.86	0.5	
4.8 Urban development/slum improvement	2.80	2.10							4.90	0.7	
4.9 Safety nets and social protection					0.60		0.04		0.64	0.1	
5. Other rubrics	5.07	0.53	15.00	9.60	2.40			0.24	32.84	4.4	14.1
5.0 Other programmes		0.53	15.00						15.53	2.1	
5.1 Technical assistance					1.20			0.24	1.44	0.2	
5.2 Payment of arrears											
5.3 Basic economic infrastructure	5.07				0.20				5.27	0.7	
5.4 Unallocated				9.60	1.00				10.60	1.4	
Grand total	**95.52**	**55.42**	**97.00**	**111.51**	**79.60**	**277.93**	**19.47**	**13.17**	**749.61**	**100.0**	**69.1**
%	12.7	7.4	12.9	14.9	10.6	37.1	2.6	1.8	100.0		
Planned disbursements 2004/2006[d]	—	42.1	—	—	—	428.8	—	—	470.90		
Difference/Planned — Actual	—	13.3	—	—	—	(150.9)	—	—	278.7		

[a] Disbursement: Amounts available to cover withdrawals of funds or to execute payments on order of executing agency.

[b] The grand total of disbursements dropped from $782.6 million (in the provisional version of this table) to $749.6 million, owing to a downward adjustment to the total amount of Canada's disbursements as at 31 December 2005 (from $130 million pledged in Washington, D.C. to $97 million).

[c] United Nations agencies concerned: UNFPA, UNICEF, FAO, WFP, UNOPS, UNDP.

[d] All forecasts of disbursements are not yet available for the period 2004/2006.